

Message Text

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PAGE 01 STATE 233937

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TO AMEMBASSY TEL AVIV IMMEDIATE

C O N F I D E N T I A L STATE 233937

EXDIS

FOLLOWING REPEAT IAEA VIENNA 8258 ACTION SECSTATE INFO

CAIRO USERDA GERMANTOWN 26 SEPT

QUOTE

C O N F I D E N T I A L IAEA VIENNA 8258

EXDIS

USERDA FOR SIEVERING

E.O. 11652: GDS

TAGS: EG, US, TECH, PARM

SUBJECT: U.S.-EGYPTIAN BILATERAL AGREEMENT ON ATOMIC ENERGY

REF: CAIRO 9195

1. IN CONVERSATIONS WITH KRATZER, OES, AND HELFRICH, ERDA,
KAMAL EFFAT, DIRECTOR OF THE EGYPTIAN ATOMIC ENERGY
ESTABLISHMENT AND OMAR SIRVY, EGYPTIAN RESIDENT REP TO
IAEA ON SEPTEMBER 25 REVIEWED STATUS OF SUBJECT AGREEMENT.
AND EXPRESSED DESIRE TO MAKE AS MUCH PROGRESS AS POSSIBLE
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PAGE 02 STATE 233937

IN RESOLVING "TECHNICAL" ISSUES OF AGREEMENT. EFFAT

REVIEWED MAJOR POINTS CONTAINED IN EFFAT'S LETTER TO AMBASSADOR EILTS TRANSMITTED REFTEL: (A) WHILE THEY AGREE WITH NEED FOR PHYSICAL SECURITY THEY FEEL THAT LANGUAGE IN NOTE SHOULD BE MORE FORTHCOMING IN TERMS OF EXPRESSING U.S. WILLINGNESS TO ADVISE AND ASSIST EGYPTIANS IN THIS AREA; (B) THEY WOULD LIKE TO INCREASE CEILING FROM 600 MWE TO 1200 MWE SINCE THEY PLAN TO ORDER TWO UNITS, AND (C) REMAINING "TECHNICAL" ISSUE MOST IMPORTANT WAS THEIR CONCERN THAT THE COMPLETE BAN ON REPROCESSING AND FUEL FABRICATION OVER THE 30 YEAR LIFE OF THE AGREEMENT APPLIED TO FUTURE AS WELL AS ORIGINAL REACTORS. IN THE COURSE OF THE DISCUSSION IT DEVELOPED THAT HE INTERPRETED NOTE TO BAN REPROCESSING AND FABRICATION OF FUEL IN EGYPT REGARDLESS OF ITS ORIGIN. U.S. REPS EXPLAINED THAT RESTRICTION APPLIED ONLY TO MATERIAL AND EQUIPMENT TRANSFERRED UNDER U.S. AGREEMENT OR TO MATERIAL PRODUCED THEREFROM; ONLY THE INTERNATIONAL SAFEGUARDS UNDERTAKING APPLIED TO ALL IMPORTS. EFFAT STATED THAT POSITION WAS ACCEPTABLE BUT THOUGHT LANGUAGE SHOULD BE CLARIFIED TO MAKE IT MORE EXPLICIT.

2. EFFAT EMPHASIZED CONCERN THAT RESTRICTIONS OF AGREEMENT, ESPECIALLY THAT RELATED TO REPROCESSING, WOULD APPLY AS WELL TO FUTURE REACTORS WHICH EGYPT HOPES TO OBTAIN FROM U.S. MAKING FAMILIAR ARGUMENTS AS TO NEED FOR REPROCESSING INDEPENDENCE. EFFAT SUGGESTED THAT AGREEMENT CONTAIN SPECIFIC INDICATION THAT REPROCESSING RESTRICTION WOULD BE RECONSIDERED AFTER FIRST REACTOR (OR FIRST TWO REACTORS, IF EGYPTIAN REQUEST IS ACCEPTED). U.S. REPS POINTED OUT THAT SINCE AGREEMENT IS LIMITED TO SUPPLY OF MATERIAL FOR A SINGLE REACTOR, RESTRICTION BY DEFINITION IS APPLICABLE ONLY TO THIS PROJECT, BUT SPECIFIC LANGUAGE CALLING FOR REVIEW OF RESTRICTION WOULD BE VERY DIFFICULT FOR U.S. TO AGREE TO. COMMENT: FRENCH DEL, IN SEPARATE CONVERSATION WITH KRATZER, CONFIRMED THAT FRENCH POSITION IN EARLIER TALKS WITH EGYPTIANS WAS THAT IRRADIATED FUEL FROM ANY FRENCH REACTOR SHOULD BE RETURNED TO FRANCE FOR REPROCESSING. HE ADDED THAT CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 233937

THERE ARE NO ACTIVE DISCUSSIONS AT PRESENT WITH EGYPTIANS ON NUCLEAR COOPERATION.

3. EFFAT REITERATED HOPE THAT THESE ISSUES AS WELL AS "POLITICAL" ISSUE (I.E., SAFEGUARDS) COULD BE RESOLVED PRIOR TO PRESIDENT SADAT'S VISIT TO U.S. U.S. REPS INDICATED READINESS TO CONTINUE EFFORTS TO RESOLVE ALL TECHNICAL ISSUES IN AGREEMENT, BUT STRESSED

THAT "POLITICAL" ISSUE REQUIRED RESOLUTION AS WELL.
EFFAT TOOK POSITION THAT THIS ISSUE HAS ALREADY BEEN
RAISED BY GOE AND THEY ARE AWAITING OUR RESPONSE. EFFAT
ALSO STRESSED IMPORTANCE OF TEXT OF AGREEMENT
REMAINING IDENTICAL TO THAT WITH ISRAEL.

4. RE STATUS OF PROJECT EFFAT STATED THAT THEY HAVE
PROPOSALS FROM GE AND WESTINGHOUSE AND HOPE TO SELECT
ONE BY END OF YEAR. PRELIMINARY SITE EXPLORATION
WORK IS ALREADY UNDERWAY.

5. COMMENT: WHILE U.S. REPS SEE NO AMBIGUITY IN
LANGUAGE OF COLLATERAL NOTE RE LIMITATION OF RE-
PROCESSING RESTRICTION TO MATERIALS OF U.S. ORIGIN,

OR THOSE PRODUCED IN U.S. SUPPLIED FACILITIES, WE MIGHT
CONSIDER SOMEWHAT CLEARER AND LESS LEGALISTIC LANGUAGE
TO SATISFY EFFAT'S CONCERN ON THIS POINT. SIMILARLY,
IT MAY BE WORTH REVIEWING LANGUAGE OF AGREEMENT TO
CLARIFY THAT IT IS, IN FACT, A "ONE REACTOR"
AGREEMENT, WITHOUT IN ANYWAY SUGGESTING THAT RESTRIC-
TIONS ARE SUBJECT TO REVIEW IN CONNECTPON WITH FUTURE
REACTOR SALES. TAPE UNQUOTE INGERSOLL

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